

Quarterly financial accounts: 2nd quarter 2007

During the second quarter of 2007, the formation of financial assets by individuals totalled 11.6 billion euro. As in the first quarter, they gave preference to sight and time deposits and insurance products. Their net investment in fixed-interest securities, in shares and mutual funds shares rose only very marginally, while regulated savings deposits fell slightly. Bolstered by the capital gains shown on share and mutual funds share portfolios, the total outstanding amount of households' financial assets increased by 25.5 billion euro, to reach 862.1 billion by 30 June 2007.

Outstanding liabilities of individuals grew by 3.5 billion euro in the second quarter, mainly as a result of the increase in mortgage loans. These financial liabilities thus rose to 159.3 billion as at 30 June 2007.

TABLE 1 CHANGE IN THE NET FINANCIAL WEALTH OF INDIVIDUALS IN THE 2ND QUARTER OF 2007
(Billions of euro)

	Net financial wealth as at 31 March 2007	Financial transactions in the 2 nd quarter of 2007	Other flows ¹	Net financial wealth as at 30 June 2007
Financial assets	836,6	11,6	13,9	862,1
Notes and coins	18,1	0,5	0,0	18,6
Sight and time deposits	73,1	5,7	-0,3	78,5
Regulated savings deposits	144,8	-0,1	0,0	144,7
Fixed-interest securities	74,1	0,6	0,0	74,7
Quoted shares	105,9	0,2	6,9	113,0
Mutual funds shares	139,0	0,3	1,7	141,0
Insurance products	193,5	3,2	0,6	197,4
Various ²	88,0	1,2	5,0	94,3
Financial liabilities	155,8	3,7	-0,2	159,3
Mortgage loans	113,5	3,0	0,0	116,5
Other loans	33,3	0,0	-0,2	33,1
Other accounts payable ³	9,1	0,7	0,0	9,7
Net financial wealth	680,8	7,9	14,1	702,8

Source: NBB

1. Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of operations with regard to other sectors.

2. Unquoted shares and other equity, other accounts receivable within the meaning of ESA 95 and statistical adjustments.

3. Mainly social security contributions and taxes due but not yet paid.

In all, the balance of financial transactions of individuals amounted to 7.9 billion euro. Taking share price fluctuations into account, net financial wealth stood at 702.8 billion on 30 June 2007, compared with 680.8 billion at the end of the previous quarter.

Corporations, however, posted a financial deficit of 4.3 billion euro and their net liabilities reached 320.0 billion. In contrast, as is traditionally the case in the second quarter, general government recorded a financial surplus totalling 3.1 billion euro. Their net financial liabilities came down from 243.8 to 241.5 billion. Altogether, Belgium's net claim on the rest of the world grew by 16.6 billion during the second quarter, to reach 141.4 billion by 30 June 2007. This rise is due to both the net financial surplus recorded by the internal sectors (6.7 billion) and the positive impact of price and exchange rate fluctuations (9.9 billion). As a result of a stronger rise in share prices abroad than in Belgium, external assets held by domestic sectors actually appreciated more than their liabilities towards the rest of the world.

TABLE 2 CHANGE IN THE NET FINANCIAL WEALTH OF THE MAJOR ECONOMIC SECTORS IN THE 2ND QUARTER OF 2007

(Billions of euro)

	Net financial wealth as at 31 March 2007	Financial balances for the 2 nd quarter of 2007	Other flows ¹	Net financial wealth as at 30 June 2007
Individuals	680,8	7,9	14,1	702,8
Corporations	-312,1	-4,3	-3,5	-320,0
General government	-243,8	3,1	-0,7	-241,5
Rest of the world	-124,8	-6,7	-9,9	-141,4

Source: NBB

¹ Other flows include price and exchange rate variations. They may also include selective elements such as the reclassification of units or operations from one sector to another.

Methodological note

The financial balance sheets provide a summary of the financial assets and liabilities of national institutional sectors (individuals, financial and non-financial corporations, general government). These assets and liabilities are broken down by financial instrument (currency and deposits, loans, fixed-interest securities, shares, mutual funds shares, insurance products).

The net financial wealth of the different sectors is the result of the difference between the total of their respective financial assets and liabilities. When the net financial wealth of a sector is negative, the term net financial liabilities is used.

Since each financial asset held by a sector corresponds to a financial liability for another sector, the result is that the total net financial wealth of the internal sectors is equal to the net financial liabilities of the rest of the world in respect of Belgium or, and this amounts to the same thing, to Belgium's net claim on the rest of the world.

The change in net financial wealth between the beginning and the end of a quarter is the result, on the one hand, of financial transactions carried out in the course of the period, and on the other, of other flows consisting mainly of price and exchange rate variations.

Financial transactions are recorded in the financial accounts, which highlight the manner in which the different institutional sectors allocate their financial savings or find the financial resources which they need.

In the European system of national accounts, the financial accounts are linked together with the non-financial accounts of the different institutional sectors. Thus, while the non-financial accounts show the financing positions from receipt and payment items, the financial accounts explain how the different sectors invest their surplus or finance their deficits. However, in practice, there are differences between real and financial balances associated mainly with the use of different sources.